

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NORTH DAKOTA**

In Re:	Case No.: 25-30004
The Ruins, LLC,	Chapter 11
Debtor.	

**DECLARATION OF DANIELLE HARLESS RE: FUNDS TRANSFERS
UNRELATED TO THE RUINS PROJECT**

Pursuant to 28 U.S.C. § 1746, I, Danielle Harless, declare under penalty of perjury that the following is true and correct to the best of my knowledge, information, and belief:

1. I am currently employed as Senior Executive Vice President of Red River State Bank (“RRSB”). I have been employed by RRSB since 2008.
2. I hold a B.A. from Concordia College in Moorhead, Minnesota. I also attended the Graduate School of Banking in Madison, Wisconsin.
3. I am personally familiar with the loan history between RRSB and The Ruins, LLC (the “Debtor”), and the apartment building located at 315 East Kemp Ave., Watertown, South Dakota (the “Ruins Project”).
4. RRSB obtained bank statements for the period of March 17, 2022 through November 30, 2022, for a bank account ending in -3782, that was maintained by the Debtor at RRSB (the “RRSB Ruins Account”).
5. RRSB’s counsel also served subpoenas on several financial institutions, requesting copies of bank statements, checks, transaction receipts, etc., from accounts

maintained by such depository institutions for the Debtor, Craig Development, LLC, Craig Properties, LLC, Jesse and Mulinda Craig, and various other Craig entities.

6. One of the subpoenaed banks, First Community Credit Union (“FCCU”), provided over 25,000 pages of responsive documents, including bank statements, checks, and transaction receipts for the period of January 2020 to April 2025.

7. I have personally reviewed bank statements, checks, and transaction receipts produced by FCCU for the Craig Development, LLC bank account ending -1711 (the “FCCU Craig Development Account”) and the Craig Properties, LLC bank account ending -4695 (the “FCCU Craig Properties Account”) (collectively, the “FCCU Craig Accounts”).

8. I have also personally reviewed the following declarations:

- a. Declaration of Charles Aarestad (RRSB) [ECF 175], which includes bank statements for the RRSB Ruins Account;
- b. Declaration of Clay Greenwood (FCCU) [ECF 98], which includes bank statements for the FCCU Craig Accounts and accounts owned by Jesse Craig in his personal capacity; and
- c. Second Declaration of Clay Greenwood (FCCU) [ECF 176], which includes checks and transaction receipts for the FCCU Craig Accounts.

9. I am personally familiar with the detailed loan history for the Ruins Project set forth in the Affidavits of Charles Aarestad re: the First Ruins Note [ECF 84]; Second Ruins Note [ECF 85], and Third Ruins Note [ECF 86] (collectively, the “Ruins Notes”).

Initial Transfers of Ruins Loan Proceeds into Craig-Owned Accounts

10. The table below summarizes the amount and date of each Ruins Notes loan disbursement and the bank accounts into which the Debtor initially deposited such loan proceeds:

Draw No.	Transaction Date	Amount	Depository Account	Account No.
Draws 4-6 (First Ruins Note)	March 11, 2022	\$2,952,702.33	FCCU Craig Properties Account	4695
Draw 7 (First Ruins Note)	March 23, 2022	\$181,947.80	RRSB Ruins Account	3782
Draw 8 (First Ruins Note)	April 8, 2022	\$2,274,820.42	RRSB Ruins Account	3782
Draw 9 (First Ruins Note)	May 10, 2022	\$1,478,434.10	RRSB Ruins Account	3782
Draw 10 (First Ruins Note)	June 10, 2022	\$852,095.36	RRSB Ruins Account	3782
Draw 11 (Second Ruins Note)	August 2, 2022	\$1,268,944.90	RRSB Ruins Account	3782
Draw 12 (Second Ruins Note)	August 16, 2022	\$1,322,454.31	RRSB Ruins Account	3782
Draw 13 (Second Ruins Note)	August 31, 2022	\$158,600.79	RRSB Ruins Account	3782
Draw 14 (Third Ruins Note)	February 17, 2023	\$600,000.00	FCCU Craig Development Account	1711
	Total:	\$11,090,000.01		

11. All of the loan proceeds disbursed by RRSB were intended for the Ruins Project. In theory, the RRSB bank records and the subpoenaed FCCU bank records should confirm that all of the loan proceeds were deposited into the RRSB Ruins Account and used to pay the subcontractors who worked on the Ruins Project.

12. However, bank records confirm \$3,552,702.33 (the sum of Draws 4-6 and Draw 14) was deposited directly into the FCCU Craig Accounts.

13. Additionally, a total of \$3,617,312.75 was transferred out of the RRSB Ruins Account and into the FCCU Craig Accounts. A table summarizing all of the transfers from the RRSB Ruins Account to the FCCU Craig Accounts and supporting documentation is attached hereto as **Exhibit A.**

14. In total, \$7,170,015.08 of Ruins Notes loan proceeds were ultimately transferred into the FCCU Craig Accounts during the period of March 11, 2022 to February 17, 2023.

Transfers from the FCCU Craig Accounts Unrelated to the Ruins Project

15. The subpoenaed documents confirm the FCCU Craig Accounts were not used exclusively for the Ruins Project during the period of January 2022¹ through April 2023. Ruins

16. Notes loan proceeds either commingled with the Insiders' personal funds, or they were misappropriated to pay personal expenses. For example,

- Jesse Craig received at least \$191,513.05 during the period of January 2022 through March 2023. A table summarizing transfers to Jesse Craig and supporting documents are attached hereto as **Exhibit B.**
- Mulinda "Mindy" Craig, the wife of Jesse Craig and the owner and registered agent of CP Business Management, another Craig-related entity, received at least \$106,597.13 during the period of January 2022 through April 2023. A table summarizing transfers to Mulinda Craig and supporting documents are attached hereto as **Exhibit C.**

¹ It should be noted that RRSB's initial funding of the Ruins Project through Draws 4-6 was made on March 11, 2022. The decision to review transfers of funds in the FCCU Accounts beginning in January 2022 was made because the final two disbursements on the Generations Notes were made on January 5, 2022 and February 3, 2022 into the FCCU Accounts.

- Jordan Horner, the daughter of Jesse Craig and employee of Craig Properties, LLC, received at least \$124,663.56 during the period of February 2022 through March 2023. A table summarizing transfers to Jordan Horner and supporting documents are hereto as **Exhibit D**.
- Sydney Craig, the daughter of Jesse Craig, received at least \$78,840.00 during the period of January 2022 through April 2023. A table summarizing transfers to Sydney Craig and supporting documents is attached hereto as **Exhibit E**.
- Other Craig Entities received at least \$928,947.86 during the period of January 2022 through April 2023, including transfers to Craig Development, LLC (from the FCCU Craig Properties Account); Craig Properties, LLC (from the FCCU Craig Development Account); CP Business Management, Inc.; Craig Management, Inc.; 220 West, LLC; MAO, LLC; and The Lofts, LLC. A table summarizing transfers to other Craig entities and supporting documents is attached hereto as **Exhibit F-1**. True and correct copies of current business registration information for each of the aforementioned entities is hereto as **Exhibit F-2**.
- Third parties received at \$556,790.91 during the period of April 2022 to April 2023, from the FCCU Craig Accounts for construction, building materials, architecture/interior design services, or utilities, etc. for a lake home owned by Jesse Craig and located at 22587 Knollwood Lane, Pelican Rapids, MN 56572 (the “**Craig Lake Home**”) None of these third parties have been identified as vendors or subcontractors for the Ruins Project in the Ruins Draw Requests (*See* ECF 102). A

table summarizing transfers related to the Craig Lake Home and supporting documents is attached hereto as **Exhibit G**.

- Financial institutions unrelated to the Ruins or the Ruins Projects (e.g., Alerus Financial, Town & Country Credit Union, Starion Financial, and First Interstate Bank, f/k/a Great Western Bank) received at least \$912,784.33 during the period of January 2022 through April 2023. A table summarizing transfers to such institutions and supporting documents are attached hereto as **Exhibit H**.
- Vendors of luxury services unrelated to the Ruins or the Ruins Project received transfers in the sum of \$1,465,668.49, including: Crown Jewels; Luxor Autosports; Sundown Stables, LLC; and OMR Services LLC, an aircraft management company. A table summarizing transfers for luxury services, etc. unrelated to the Ruins Project and supporting documents is attached hereto as **Exhibit I**.

17. The table below summarizes the total value of all transfers unrelated to the Ruins Project in **Exhibits B through I**:

Summary Table/Transferee	Total Amount of Transfers in Table
Jesse Craig	\$191,513.05
Mulinda Craig	\$106,597.13
Jordan Horner	\$124,663.56
Sydney Craig	\$78,840.00
Craig Entities	\$928,947.86
Craig Lake Home	\$556,790.91
Non-Ruins Mortgages/Loans	\$912,784.33
Luxury Services	\$1,465,668.49
<u>TOTAL</u>	<u>\$4,365,805.33</u>

I certify under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information, and belief.

Dated: November 18, 2025

A handwritten signature in black ink, appearing to read 'D. Harless', is written over a horizontal line.

Danielle Harless